



## UNIVERSITY OF WASHINGTON

OFFICE OF THE PRESIDENT

June 2, 2006

*Mark A. Emmert, President*

Mr. Denny Heck, Chair  
Higher Education Advisory Committee  
Washington Learns  
2921 Cloverfield Drive SE  
Olympia, WA 98501

Dear Mr. Heck: *Denny,*

In Dr. James Sulton's letter to you dated April 7, 2006, several issues were raised regarding the financial viability of the Guaranteed Education Tuition (GET) Program. The program's relationship to a proposal granting resident undergraduate tuition-setting authority to the University of Washington and Washington State University, which was discussed at an earlier Advisory Committee meeting, also was raised. We would like to clarify and amplify points that Dr. Sulton made in his letter.

A funding policy for higher education must consider the integrated relationships among state support, tuition, and financial aid. Predictable tuition levels are essential not only for the operation of a prepaid tuition plan but equally for families, students, and higher education institutions. Total funding—from both state funds and tuition—must be set at a predictable level if we are to continue to provide a high-quality educational experience for the citizens of Washington. Furthermore, research universities increasingly compete globally for faculty, staff, and students. Therefore, total funding must be set at a level that allows us to remain a top tier research university with a global impact.

We would like to discuss in greater detail several points contained in Dr. Sulton's letter.

First, tuition levels have a strong relationship to state appropriations for higher education. When state funding for higher education decreases, both the state and our institutions look to tuition as a means to maintain total funding at a level that does not compromise the quality, access, and affordability of higher education. Dr. Sulton described the impact on the GET Program during the 2001-03 biennium when the Legislature authorized a one-time tuition increase of 16 percent. That particular increase reduced the GET Program's actuarial reserves and created an actuarial deficit of \$21.6 million. However, at that time, the Legislature was dealing with a budget deficit, and higher education institutions received a significant reduction in state support. The Legislature allowed higher education institutions to increase tuition up to a maximum increase of 16 percent as a tool by which we might respond to the corresponding reduction in state general fund assistance without compromising our educational programs.

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Second, numerous other states besides the three mentioned in Dr. Sulton's letter—Ohio, Texas, and Virginia—have been granted tuition-setting authority, producing only modest increases in undergraduate tuition levels over many years. We believe that granting tuition-setting authority to the state's two research institutions would not be likely to result in large increases. In our own experience since academic year 2002-2003, the Legislature has provided the two research institutions with unlimited local tuition-setting authority for all tuition categories except resident undergraduates. The University of Washington has used that authority judiciously. For example, tuition increases for resident graduate students at the Seattle campus have averaged less than 10 percent for the past three academic years.

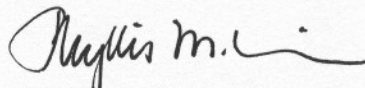
Finally, while it is accurate that tuition increases exceeding the earnings assumptions for the GET Program will result in unfunded future liabilities, we believe the state should not use its ability to hold tuition at low levels as the primary method for ensuring the financial viability of the GET Program. Tuition and state appropriations support the cost of instruction at our institutions, and tuition policy needs to be evaluated within this context. Beyond tuition levels, the GET Program has a variety of programmatic options that should be evaluated and implemented, if necessary, to ensure the fiscal health of the program.

We understand and share Dr. Sulton's concerns about assuring that any approach to funding higher education is thoroughly evaluated for unintended policy consequences. At the same time, we strongly support predictable ranges of tuition increase as they benefit families, students, and our state's higher education institutions.

Sincerely,



Mark A. Emmert  
President



Phyllis M. Wise  
Provost and Vice President  
for Academic Affairs

c: Ms. Betty Lochner, Director, GET Program  
Dr. James Sulton, Executive Director, Higher Education Coordinating Board  
GET Program Committee Members  
Higher Education Coordinating Board Members  
Washington Learns Higher Education Advisory Committee Members